



June 10, 2011

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

WT 11-65: In the Matter of Applications of AT&T Inc. and Deutsche Telekom AG for Consent to Assign or Transfer Control of Licenses and Authorizations

Dear Chairman Genachowski:

On behalf of the Small Business & Entrepreneurship Council (SBE Council), I am writing to express our strong support for the AT&T and T-Mobile merger. SBE Council urges the Federal Communications Commission (FCC) to approve this important transaction as entrepreneurs -- as consumers, suppliers and innovators -- will be key beneficiaries of a more effective telecomm company that will bring extensive value to the market and our economy. SBE Council believes a combined AT&T and T-Mobile entity will deploy broadband more quickly, and expand network capability and capacity more efficiently. More small businesses will be able to benefit from, utilize, and tap into innovative broadband and mobile technology tools as a result of the merger. In addition, innovation and investment will flourish as accelerated deployment of 4G will fuel the development of newer devices, enhanced mobile apps and other technological advancements, which will benefit entrepreneurs, our workforce U.S. competitiveness and the economy.

SBE Council is a nonpartisan, nonprofit advocacy, research and training organization dedicated to protecting small business and promoting entrepreneurship. With nearly 100,000 members and 250,000 small business activists nationwide, SBE Council is engaged at the local, state, federal and international levels where we collaborate with elected officials, policy experts and business leaders on initiatives and policies that enhance competitiveness and improve the environment for business start-up and growth.

Broadband has been a critical development for our members, as well as for U.S. entrepreneurship. The array of tools made possible through the Internet and broadband has helped countless firms grow, innovate and become more competitive in today's challenging economic climate. SBE Council has long been a proponent of policies that support broadband investment, as well as initiatives that encourage adoption. Accelerating the reach and benefits of broadband are critical to sustaining U.S. entrepreneurship and job creation.

In a May 2011 report "Saving Time and Money Through Mobile Apps" published by our organization, we noted that America's entrepreneurs are becoming more dependent upon technology to stay competitive, cut costs, develop revenue-generating opportunities, and even survive. More business owners are looking to the Internet for their business solutions. An April 2011 *Business Journals* "SMB Insights" report found that 74 percent of small businesses

identified the Internet as their “most valuable business tool,” which is up from 65 percent the previous year. Unquestionably, innovative tools made possible through broadband and wireless technologies have fostered a business technology culture where entrepreneurs are looking to technology first to resolve key business challenges.

Small businesses, for example, are increasing their use of mobile applications (apps) to run their enterprises. Apps on mobile devices are helping small business owners save time; reduce costs; increase revenue and productivity; work more effectively; and better serve customers. [“Saving Time and Money with Mobile Apps”](#) found that small business owners who use mobile apps estimate that they personally save an average of 5.6 hours weekly. Seventy five percent of small businesses using mobile apps report employee time savings as well – an average of 11.33 hours on a weekly basis. The study estimates that small business owners are saving 372.8 million hours of their own time, and 725.3 million employee hours annually. *In total, small businesses are saving almost 1.1 billion hours annually by using mobile apps.* Obviously, SBE Council is encouraging small businesses to not only tap into the cost-saving and revenue-generating opportunities of mobile apps, but broadband in general. We know, however, that the U.S. needs greater network capacity to keep up with the extraordinary growth in network traffic. The combined assets of AT&T and T-Mobile will not only allow for the preservation of a robust network, but also for the expansion of an advanced, high-quality network to keep pace with the growing demand for wireless broadband.

It would be distressing, for example, to have small business cost-savings and business opportunities limited because of network constraints. Our study conservatively estimates that an additional 3.54 billion hours could be saved annually by small businesses through wider mobile app adoption alone. That equates to \$56.9 billion in savings annually. Nearly 50 percent of the small businesses surveyed for the study believe they have been able to spend more time on growing business revenues due to their use of mobile apps. Fifty one percent of these small businesses say their firms are more competitive, 36 percent were able to reduce overhead costs and 10 percent were even able to add workers because of mobile app usage.

I cite this data from the SBE Council report not as an advertisement for mobile apps, but as a reason why U.S. policies must encourage market transactions and investments that work to expand the capability and capacity of our networks. Small businesses are also increasing their use of cloud services, online video for marketing, sharing and transmitting large files, downloading and working on files on their mobile devices and generally using broadband throughout their enterprises to operate more efficiently and productively. The network must be robust enough to accommodate what SBE Council anticipates will be explosive growth in broadband and mobile technology adoption by the small business sector alone.

As an advocacy organization for small business, SBE Council is sensitive to the issues of competition and market concentration. But existing facts in the telecomm and broadband market show that consumers, including small businesses, are receiving more services at lower prices.

A July 2010 U.S. Government Accountability Office (GAO) report found that the number of wireless subscribers increased from 3.5 million in 1989 to 285 million at the end of 2009. And as a percentage of the total U.S. population, the number of wireless subscribers reached 91 percent by December 2009, up from 38 percent in 2000. Meanwhile, the GAO reported that “the average price for wireless service in 2009 was approximately 50 percent of the price in 1999.”

The conclusion: “consumers are generally getting more wireless services (such as more voice minutes of use) for lower costs than they were 10 years ago.”

Clearly, small firms are counted among the wireless consumers who reaped these rewards. Consumers also have significant choice in the marketplace. We also must realize that larger entities offer economies of scale. Efficiencies and productivity gains, as well as economies in purchasing and advertising, for example, can be attained. In addition, resources for large-scale investments can be more readily available.

SBE Council includes these other following points about the market in general, and the AT&T and T-Mobile merger specifically:

- With respect to the findings of the GAO report cited above, more for less is always great news for consumers, including individuals, families and businesses. In addition, the vast expansion and increased affordability of wireless services has led to an entrepreneurial explosion in terms of applications and content providers.
- Competition has flourished in that consumers, including small businesses, have multiple choices in broadband wireless and wireline services. Investment and innovation are improving services and multiplying choices for individual and business consumers. Technology is changing rapidly, with advancements making the future of the telecommunications rich with new opportunities for entrepreneurs and consumers. Consumers have the ultimate say as to what works and what does not.
- The AT&T and T-Mobile merger would have the opportunity for greater investment in deploying 4G technology and expanding wireless service in rural areas, and for significant cost savings in terms of eliminating overlap in retail, back office and technical areas. These savings can be passed onto the consumer, or re-deployed for investments and innovative projects.
- No serious threat exists that telephone and broadband services would somehow be monopolized by this merger. In the top local markets, for example, it’s not unusual at all for consumers to have the choice of five or more wireless providers, not to mention wireline services, including from cable companies. As the GAO noted, there are more than 140 companies offering wireless services.
- As history has shown over and over again, even the most powerful of market leaders can disappear if they fail to serve consumers well. That market reality, and threat, most certainly does not change in the dynamic, fast-changing arena of telecommunications.
- The notion that two firms could somehow dominate a market, with the implication that consumers would suffer, runs against the technological, competitive and market realities at hand. No matter what a company’s current market share, a dynamic and globally competitive market dictates that one must continue to innovate and serve customers well. If not, market share and profits will be lost to existing, emerging and future competitors. Quite simply, consumers have options.
- Entrepreneurs and small businesses certainly could see tremendous benefits from the proposed AT&T/T-Mobile merger in terms of potential gains in efficiencies and costs, resulting in improved service, expanded offerings, lower prices, along with increased opportunities for

entrepreneurial firms to aid in the expansion of broadband investment and innovation, and to expand services and products given the expanded reach of broadband wireless among consumers.

The small business owners, innovators and entrepreneurs SBE Council represents will greatly benefit from the more efficient and robust national wireless network made possible through the AT&T and T-Mobile merger. We believe investment and entrepreneurship will be supported through the merger, and that innovation will continue to flourish. SBE Council and our members stand in strong support of the approval of this transaction by the Commission.

Sincerely,

A handwritten signature in black ink, appearing to read "Karen Kerrigan", written over a light gray rectangular background.

Karen Kerrigan
President & CEO

CC:

Commissioner Meredith Attwell Baker
Commissioner Mignon Clyburn
Commissioner Michael Copps
Commissioner Robert McDowell

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Protecting Small Business, Promoting Entrepreneurship